

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:75

ANSWERED ON:17.07.2017

Cashew Industry

Premachandran Shri N.K.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether it comes to the notice of the Government that the cashew industry is facing a crisis and if so, the details thereof along with the action taken by the Government to promote the cashew industry;
- (b) whether the Government is aware that the cashew industry depends on imported raw cashew nuts;
- (c) if so, the action taken by the Government to provide sufficient quantity of raw cashew nuts to the industry;
- (d) whether it is a fact that a large number of cashew industries have closed down due to non-availability of raw cashew nuts and if so, the details thereof; and
- (e) whether the Government has received complaints/representations from Kerala to change the import-export policy and customs tariff with regard to cashew for saving the industry and if so, the action taken by the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

(a) to (c): No, Madam. However, It has come to the notice of the Government that due to non availability of sufficient quantity of raw cashewnuts and higher price for raw cashew nut in the international market, the cashew industry is facing the prospect of a demand-supply gap. Considering the challenges being faced by the cashew industry and to promote the trade, the Government has reduced rate of Goods and Service Tax (GST) to 5% from 12% for Cashew nuts. Beside, the Government is allowing duty free import of raw cashewnuts under Duty Free Tariff Preference (DFTP) Scheme from Least Developed Countries (LDCs). Export incentive under MEIS for cashew has also been revised to 3% for all A, B & C group countries.

Considering the demand-supply gap in domestic market, the Government of India has drawn up strategies to increase domestic production by massive area expansion of cashew and replacing of senile cashew plantations with high yielding varieties in traditional and non-traditional states under National Horticulture Mission(NHM) through State Horticulture Mission(SHM) and State owned corporations apart from already established cashew plantations in 10.50 lakh hectare in various cashew growing states with yield of 7.79 lakh Metric Ton of raw cashew nuts.

(d) The Government has no such information regarding closure of cashew industry due to non-availability of raw cashew nut.

(e) This Ministry had received various representations/complaints from Kerala regarding revision of Custom Duty on Raw Cashew Nut. It is stated that exemption from import duty was withdrawn and 5% BCD and 4% SAD was imposed on them by the Government w.e.f. 1.03.2016. Ministry of Finance has informed that the decision was taken on the grounds that a substantial quantity of cashew nuts in shell is imported for domestic consumption and not for export production and that other nuts in shell attract Basic Custom Duty (BCD) of 10% to 30% in general. The levy of 5% BCD on import of cashew nut in shell is neutralized under various schemes. That being so, there is no economic justification for exempting imports duty on cashew nuts in shell for domestic consumption.
